

February 3, 2009

Colorado Oil and Gas  
Conservation Commission  
1120 Lincoln Street, Suite 801  
Denver, CO 80203

Attn: Mr. David Neslin  
Acting Director

**RE: APPLICATION – Cause No. 330**  
Rule 503 (b)(5) Exception Request  
Crites #01-04 – API #05-125-09661  
NE ¼ NE ¼, Section 4, Township 3 South, Range 42 West, 6<sup>th</sup> P.M.  
Yuma County, Colorado

Dear Mr. Neslin:

Please accept this letter as Rosewood Resources, Inc formal request to be placed on the March 2009 Docket for a hearing regarding a Exception Under Rule 503(b) (5) regarding the following matter relevant to Cause No. 330-4:

**Basis:**

- 1) On September 13<sup>th</sup> 2005 Rosewood mailed Mr. Lawrence Crites, legal Surface owner of the above aforementioned tract of land a 305 Notification Letter.
- 2) On October 4<sup>th</sup> 2005 COGCC approved the permit to Drill the Crites #01-04 well located in the Arnel Field, Yuma County Colorado at a proposed location of 900' FNL and 900' FEL, into the Niobrara Formation to an estimated TD depth of 2,000 feet.
- 3) On October 21<sup>st</sup> 2005 a Rosewood Representative met with Mr. and Mrs. Crites and executed a Surface Use Agreement for the Drilling of the Crites #01-04 Well.
- 4) On or around December 1<sup>st</sup> 2005, Mr. Crites met with a Rosewood Representative on location to confirm the ingress/egress routes for the drilling and completion operations of said well. During this meeting Mr. Crites requested if the proposed location be moved away from his Dry-Land Farm ground and off the side slope of the hill, moving the location north/northeast from its originally staked and permitted location approximately 235 feet.

Moving the location at the request of the Landowner placed it in a hollow more conducive for our drilling/completion operations. The Rosewood Representative thought the distances the proposed location was moved was minimal and that we were not encroaching on any pacing boundaries associated with the Section Lines.

- 5) On December 13<sup>th</sup> 2005 drilling operations commenced on the Crites #01-04 location at 686' FNL and 802' FEL and was drilled and completed into the Niobrara Formation to a TD depth of 1,800 feet, the well was brought on-line with first Gas production on January 26, 2006.

**Factual Basis:**

- 1) The Crites #01-04 is located in the Armel Field, NE ¼ NE ¼, Section 4, Township 3 South, Range 42 West, 6<sup>th</sup> P.M., Yuma County, Colorado; 686' FNL and 802' FEL, drilled to a TD depth of 1,800 feet into the Niobrara Formation.
- 2) **On November 21, 1977, COGCC adopted Order No. 330-01**, which established 640-ac drilling and spacing units for the production from the Niobrara Formation, with the permitted well for each such drilling unit to be located no closer than 900' feet from the boundaries of the quarter section upon which it is located and that the following described lands constitute a common source of supply gas; Township 3 South; Range 42 West; Section(s) 3, 4, 5, 8, 9, 10, 15, 16, 17, 21 and 22.
- 3) **On August 22, 1978, COGCC adopted Order No. 330-02**, which amended Order 330-01 that now allowed for 160-ac drilling and spacing units for the production from the Niobrara Formation underlying the following described lands in the Armel Field, Yuma County Colorado, described herein as Township 3 South; Range 42 West; Section(s) 3, 4, 5, 8, 9, 10, 15, 16, 17, 21 and 22.

And that permitted wells should be located no closer than 900 feet from the boundaries of the quarter section upon which it is located and that any producing wells or wells capable of production be considered the permitted wells for the unit upon which they are located.

- 4) Petroleum Development Corporation on August 4<sup>th</sup> 2008, by its attorney, filed with the COGCC a verified application for an Order Vacating Order No. 330-2 and to place the lands covered under said Order under Rule 318.b, such that wells drilled to less than a depth of 2,500 feet shall be located not less than 200 feet from any lease line, and not less than 300 feet from any other producible oil or gas well, or drilled well, for the Niobrara Formation.

**On September 22, 2008, COGCC adopted Order No. 330-04**, which vacated the drilling and spacing units established under Order No. 330-2 for the following described Lands herein Township 3 South; Range 42 West; ALL of Section(s) 3, 4, 5, 8, 9, 10, 15, 16, 17, 21 and 22 and Ordered that all said lands are hereby subject to Rule 318.b., such that wells drilled to less than a depth of 2,500 feet shall be located not less than 200 feet from any lease line, and not less than 300 feet from any other producible oil or gas well, or drilling well, for the Niobrara Formation

- 5) The names and address of the Interested parties according to the information and belief of Rosewood Resources are set forth below and made a part hereof.

**Conclusion:**

Based on the fact that the Crites #01-04 well location was moved in an effort to accommodate the wishes of the Surface Owner, thus becoming an illegal location and that during the interim period said well is now a legal location based on the COGCC adoption of Order 330-4.

Therefore; Rosewood Resources, Inc. respectfully requests that the matter of issuing a Exception regarding said location be set for a hearing, that notice be given as required by law and that upon such hearing this Commission enter its Order granting a Exception for the Crites #01-04 well location in the Armel Field, located 686' FNL and 802' FEL in the NE ¼ NE ¼, Section 4, Township 3 South, Range 42 West, 6<sup>th</sup> P.M., in Yuma County, Colorado.

Dated: February 3<sup>rd</sup>, 2009.

By: \_\_\_\_\_  
Dean Jarrett - Landman  
Rosewood Resources, Inc.  
423 Main Street, Suite D  
Wray, Colorado 80758  
Telephone No: (970) 332-4070  
Facsimile No: (970) 332-4072

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**VERIFICATION**

State of Texas       §  
                                  § SS.  
County of Dallas    §

Steven VonFeldt, of lawful age, being first duly sworn upon oath, deposes and says that he is the Marketing Manager for Rosewood Resources, Inc., and that he has read the foregoing Application and that the matters therein contained are true to the best of his knowledge, information and belief.

By: \_\_\_\_\_  
Steven VonFeldt

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2009

**Witness my hand and official seal:**

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

## **LIST OF PARTIES**

Rosewood Resources, Inc.  
Attn: Steve VonFeldt  
2101 Cedar Springs Road, Suite 1500  
Dallas, TX 75201

Jerry L. Soehner  
15520 County Road PP  
Wray, CO 80758

Yuma County Commissioners  
Linda Briggs - County Administrator  
310 Ash Street, Suite A  
Wray, CO 80758

Rosewood Resources, Inc.  
Attn: Dean Jarrett  
423 Main Street, Suite D  
Wray, CO 80758

Lawrence W. Crites  
P. O. Box 8  
Idalia, CO 80735

## **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on the \_\_\_\_\_ day of February, 2009, a true and correct copy of the attached Application of Rosewood Resources, Inc. for an Order granting an exception location for the Crites #01-04, API #05-125-09661, located in the Armel Field, NE ¼ NE ¼, Section 4, Township 3 South, Range 42 West, 6<sup>th</sup> P.M., Yuma County, Colorado, was served by United States registered mail, addressed as follows:

Rosewood Resources, Inc.  
Attn: Steve VonFeldt  
2101 Cedar Springs Road, Suite 1500  
Dallas, TX 75201

Jerry L. Soehner  
15520 County Road PP  
Wray, CO 80758

Yuma County Commissioners  
Linda Briggs - County Administrator  
310 Ash Street, Suite A  
Wray, CO 80758

Rosewood Resources, Inc.  
Attn: Dean Jarrett  
423 Main Street, Suite D  
Wray, CO 80758

Lawrence W. Crites  
P. O. Box 8  
Idalia, CO 80735

Dated: February\_\_\_\_\_, 2009.

By: \_\_\_\_\_  
Paula Anderson – Administrator  
Rosewood Resources, Inc.  
2101 Cedar Springs Road  
Suite 1500  
Dallas, TX 75201  
Telephone No: (214) 849-9305  
Facsimile No: (214) 594-2372